ADABI CONSUMER INDUSTRIES SDN BHD v. SRI NONA INDUSTRIES SDN BHD & ORS; PENDAFTAR CAP DAGANGAN, MALAYSIA (INTERESTED PARTY)

HIGH COURT MALAYA, KUALA LUMPUR
AZIZAH NAWAWI J
[SUIT NO: 22IP-7-02-2014]
13 DECEMBER 2016

INTELLECTUAL PROPERTY: *Trade marks – Registered trade mark – Ownership of rights – Dispute – Agreements – Whether agreement amounted to assignment of trade mark – Whether merely a license agreement*

The plaintiff was the registered owner of the trade mark which consist of the word 'Adabi' above a depiction of a traditional Malay palace, in respect of the goods of 'curry powder, spices, rice vermicelli, wheat flour; all included in Class 30 ('1985 mark'). The first defendant was the registered owner of the trade mark which consist a combination of the Adabi house mark with the addition of the words 'KICAP TIRAM' featured together with the Jawi characters of kicap tiram and the word 'adabi' in respect of the goods of 'oyster sauce; included in Class 30' ('1989 mark'). The plaintiff, amongst others, issued an authorisation letter dated 30 June 1988 ('authorisation letter'). Among the terms of the authorisation letter was that the first defendant had an exclusive right to sell and distribute oyster sauce products under the 'Adabi' brand name in Malaysia and it was not applicable to other products marketed under the 'Adabi' brand name. Subsequently, the plaintiff and the first defendant entered into an agreement ('the main agreement'), where the plaintiff allowed the first defendant to manufacture, sell and distribute the oyster sauce products only for the trade mark attached in the schedule of the main agreement where it referred to the Adabi Oyster Sauce mark in Malaysia. Pursuant to the main agreement, the first defendant filed the 1989 mark at the Trade Mark Registry. Pursuant a court order, the first defendant's application to register the trade mark was accepted by the Registrar of Trade Mark for registration. After entering into a supplementary agreement ('SA') with the defendant, the plaintiff found out that the first defendant had filed a trade mark application in Class 30 in respect of the goods of 'oyster sauce; included in Class 30' ('the 2012 mark') where the representation of the 2012 mark was exactly the same as the 1985 mark. Therefore, the plaintiff filed the present suit. The issues that arose for the court's determination were (i) whether the main agreement was an assignment or a license agreement; (ii) if the main agreement was an assignment agreement, what was the 'assigned mark' as contemplated and/or agreed by the parties; and (iii) whether the defendants breached the main agreement and the SA. On the other hand, the defendants counterclaimed against the plaintiff and sought for a declaration that the main agreement and the SA effectively transferred the plaintiff's rights and entitlement in the trade

mark together with the goodwill of the plaintiff's business absolutely to the first defendant who was at liberty to use the same to manufacture, supply and sales of its oyster sauce or oyster flavoured sauce in Malaysia and elsewhere.

Held (allowing plaintiff's claim; dismissing defendants' counterclaim):

(1) The parties to the main agreement were (i) referred to as the 'assignor' and the 'assignee'; (ii) agreed to an assignment, (iii) the plaintiff has assigned the rights to sue in the first defendant's name or in the joint names of the first defendant and the plaintiff; and (iv) the plaintiff consented to the application by the first defendant to register the said trade mark in Class 30 in Malaysia. As such, reading the above provisions, the main agreement is not a licence agreement, but an assignment agreement. Added to that, the plaintiff also admitted to the Registrar of Trade Mark that there was a 'partial assignment' to the first defendant in respect of oyster sauce. (paras 45, 46 & 48)

(2) The conduct of the parties in relation to the 'Adabi' mark has been regulated by contract. The main agreement clearly stipulates that the assignment is only limited to Malaysia, and only in respect to oyster sauce, as per the 89 mark. It is the intention of the parties that the assignment of the Adabi mark in relation to oyster sauce is limited to Malaysia only. Since was the intention of the parties that the assignment of the 'Adabi' mark is confined only to Malaysia, then the acts of the defendants in filing the application to register the 'Adabi' mark outside Malaysia constitutes a breach of the main agreement. (paras 78 & 83)

(3) The mark in the schedule to the main agreement is the 89 mark. By filing the 2012 mark, the first defendant breached the main agreement by their application and attempt to deprive the plaintiff of their house mark, the 1985 mark. On the facts of this case, the plaintiff's complaints are justified. If a consumer does not read the small prints on the products with regards to the producer, the consumer would readily accept that the 'Adabi Oyster Sauce' was produced by the plaintiff, a household name amongst the Muslim consumers. Therefore, any misgivings against the first defendant's products bearing the 'Adabi' mark would also affect the plaintiff's reputation. (paras 90 & 85)

Case(s) referred to:

Berjaya Times Square Sdn Bhd v. M-Concept Sdn Bhd [2010] 1 CLJ 269 FC ***(refd)***

Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party) [2015] 9 CLJ 125 FC ***(refd)***

Playboy Enterprises International Inc v. Zillion Choice Sdn Bhd & Anor [2011] 2 CLJ 329 HC ***(refd)***

Legislation referred to:

Trade Marks Act 1976, s. 55(3)

For the plaintiff - Mohd Bustaman Abdullah, Adhuna Kamarul Ariffin, Mahendra Kumar Balakrishnan & Nur Atiqah Samian; M/s Bustaman

For the defendants - Wong Sai Fong, Michelle Loi & Cindy Goh; M/s Shearn Delamore & Co

Reported by Sandra Gabriel

JUDGMENT

Azizah Nawawi J:

Introduction

[1] The plaintiff seeks, *inter alia*, the following orders against the defendants:

(i) a declaration that both the agreements dated 10 November 1988 and 10 February 2003 are licensing agreement within Malaysia only;

(ii) a declaration that the first defendant have breached the said agreements, whether by themselves or through the second and/or the third defendant;

(iii) a declaration that the first defendant has procured fraud on the plaintiff to sign the agreement dated 10 February 2003;

(iv) an injunction to prohibit the defendants from using the mark which contains the Adabi mark and/or any mark resembling the Adabi mark;

(v) an injunction to prohibit the defendants from manufacturing, distributing, selling and/or exporting any oyster sauce and/or oyster flavoured sauce bearing the Adabi mark;

(vi) that the defendants are to surrender the agreement dated 10 November 1988 to the plaintiff;

(vii) that the Registrar of Trade Marks cancels registration no. 2012021694 in Class 30 from the Register; and

(viii) damages and/or account of profit.

[2] In their counterclaim, the defendants are seeking for a declaration that the agreements dated 10 November 1988 and 10 February 2003 effectively transferred the plaintiff's rights and entitlement in the trade mark represented in 85/02021 together with the goodwill of the plaintiff's business in oyster sauce absolutely to the first defendant who is at liberty to use the same to manufacture, supply and sales of its oyster sauce or oyster flavoured sauce in Malaysia and elsewhere.

The Salient Facts

The Plaintiff

[3] The plaintiff is a company incorporated in Malaysia on 7 March 1984 and has its business address at Lot 136, Rawang Integrated Industrial Park, Mukim Rawang, 48000 Rawang, Selangor.

[4] From its incorporation in 1984, the plaintiff has been involved initially in the business of producing and selling products such as curry powder, spices and flour preparation.

[5] The plaintiff is the registered owner of the trade mark no. 85/02021 which consist of the stylised word "adabi" above a depiction of a traditional Malay palace, in respect of the goods of "curry powder, spices, rice vermicelli, wheat flour; all included in Class 30" ("the 1985 mark"). The 1985 mark as filed, depicted what is essentially the Adabi house mark, as follows:

The Defendants

[6] The first defendant is a company incorporated in Malaysia and has its business address at Lot 38, Jalan E1/4, Taman Ehsan Industrial Park, 52100 Kepong, Selangor. It was incorporated on 27 December 1975 and was formerly known as Syarikat Taili Enterprise Sdn Bhd. The change of name took effect on/about 12 September 2001.

[7] The first defendant's nature of business involved manufacturing and distribution, including being wholesalers and exporters of sundry and general goods.

[8] The first defendant is the registered owner of the trade mark no. 89001729 the representation of which consists of a combination of the Adabi house mark with the addition of the words "KICAP TIRAM" featured together with the Jawi characters of kicap tiram "كيچڤ تيرام" and the stylised word "adabi" in respect of the goods of "oyster sauce; included in Class 30" ("the 1989 mark"). The representation of the 1989 mark is as follows:

[9] The second defendant is a company incorporated in Malaysia and has its business address at Lot 38, Jalan E1/4, Taman Ehsan Industrial Park, 52100 Kepong, Selangor and it was incorporated on 15 November 1996. The second defendant nature of business is as the manufacturer of food products.

[10] The third defendant is a company incorporated in Malaysia and has its business address at Lot 38, Jalan E1/4, Taman Ehsan Industrial Park, 52100 Kepong, Kuala Lumpur. The third defendant was incorporated on 21 September 1985 as Pemasaran Taili Sdn Bhd and later has changed its name to Lee Shun Hing Sauce Industries Sdn Bhd on 28 August 1990. The third defendant's nature of business is as dealers in sundry good.

[11] All the defendants share the same registered and business address. The defendants' sole witness, Siew Yun Sing is the Managing Director and shareholder of all the defendants.

Relationship Between The Plaintiff, The First Defendant And PW3

[12] The plaintiff started to know the first defendant sometime in 1988 through PW3 where PW3 has been appointed by the plaintiff as their company marketing consultant and at the same point, PW3 used to provide advice particularly in relation to the plaintiff's business.

[13] In/around 1988, the plaintiff had some financial difficulty in their business. Upon advice and recommendations given by PW3, the plaintiff has agreed that in order to overcome the plaintiff's financial problem, PW3 had approached the first defendant to enquire the possibility of the first defendant being a distributor of the plaintiff's products.

Letter Dated 23 May 1988

[14] Subsequently, it was agreed that the first defendant was appointed as a distributor of plaintiff to sell the plaintiff's products, as can be seen from the letter of appointment/distributorship agreement dated 23 May 1988 ('the letter dated 23 May 1988').

[15] Based on the said letter dated 23 May 1988, the parties have agreed that:

(i) that the first defendant was only allowed to sell the plaintiff's products in Selangor, Federal Territory and Negeri Sembilan and must not sell to other states in Malaysia for a trial period of three months.

(ii) that during the three months of trial period, the first defendant was to pay a monetary deposit of RM100,000 to the plaintiff as a security for the purchase of goods from the plaintiff which subject to a monthly interest of 2% paid by the plaintiff to the first defendant.

[16] Based on the said conditions, the first defendant had paid the monetary deposit of RM100,000 to the plaintiff.

[17] It was also agreed that upon the expiry of three (3) months trial period, the first defendant's performance would be reviewed and if found to be mutually satisfactory, both parties would enter into a distributorship agreement subject to the following pertinent conditions among others:

(i) the first defendant is to pay additional RM100,000 to the plaintiff and subject to a monthly interest of 2% paid by the plaintiff to the first defendant;

(ii) the territory of the distributorship remains in Selangor, Wilayah Persekutuan and Negeri Sembilan; and

(iii) the term for the distributorship agreement is three years from the date of signing with subsequent two years optional.

[18] It is not in dispute that the first defendant had fully paid the amount of RM200,000 to the plaintiff pursuant to the letter dated 23 May 1988. It is also not in dispute that the plaintiff has repaid the loan of RM200,000 to the first defendant.

Letter Dated 30 June 1988

[19] Following to the letter dated 23 May 1988, the plaintiff had issued an authorisation letter dated 30 June 1988 ('the letter dated 30 June 1988') to the first defendant to source for oyster sauce products. The gist of the said letter dated 30 June 1988 contains among others as follows:

(i) the first defendant is to source for an oyster sauce to be marketed under "ADABI" brand name;

(ii) the quality of oyster sauce must be consistent and equal to Lee Kum Kee's Panda brand;

(iii) the product of oyster sauce must comply with Malaysian Food and Drug Act and must be a halal product certified by a Muslim religious authority;

(iv) the first defendant is authorised to develop appropriate packaging/package design but its implementation must be approved by the plaintiff;

(v) the first defendant has an exclusive right to sell and distribute oyster sauce products under "ADABI" brand name in Malaysia and it is not applicable to other products marketed under "ADABI" brand name (other products based on the letter dated 23 May 1988); and

(vi) the first defendant is subject to a royalty/goodwill payment of 3% to the plaintiff.

The Main Agreement Dated 10 November 1988

[20] On 10 November 1988, the plaintiff and the first defendant have entered into the agreement ('the main agreement'), where parties have agreed, *inter alia*, to the following terms:

(i) the plaintiff allowed the first defendant to manufacture, sell and distribute the oyster sauce products only for the trade mark attached in the schedule of the main agreement where it refers to Adabi oyster sauce mark in Malaysia;

(ii) as a consideration of the main agreement, the first defendant agreed to pay royalties at 3% of the net wholesale price in addition to the sum of Malaysian Ringgit One (RM1);

(iii) the plaintiff allowed the first defendant to register the trade mark in Class 30 as represented in the schedule to the main agreement in Malaysia for oyster sauce only;

(iv) the oyster sauce manufactured by the first defendant shall be of a quality in the market, shall be fit for consumption, shall be certified "halal" and shall comply with the Foods Act 1983; and

(v) the first defendant shall not transfer or assign the trade mark as represented in the schedule to any party without the written consent of the plaintiff.

Application Of The 1989 Mark On 22 March 1989

[21] Pursuant to the main agreement dated 10 November 1988, the first defendant had on 22 March 1989 filed the 1989 mark at the Trade Mark Registry in Class 30 in respect of the goods of "oyster sauce; included in Class 30".

[22] On 27 July 1993, the Trade Mark Registry had raised an objection against the 1989 mark on the ground that the 1989 mark is similar and/or identical to the 1985 mark. The trade mark office file reference is 89/1729.

[23] In reply to the Trade Mark office letter dated 27 July 1993, and order to overcome the said objection raised by the Trade Mark Registry, the first defendant through its solicitors, Messrs Christina Chia Ng & Partners ("CCNP") had on 13 August 1993 prepared and submitted a written submission at the Trade Mark Registry by stating that the 1985 mark/Adabi house mark has been assigned by the plaintiff to the first defendant through the main agreement dated 10 November 1988. The letter from CCNP made reference to the registry file reference 89/1729. In the said letter, the defendants state this:

> Per: PERMOHONAN CAP DAGANG NO: 89/1729 KELAS 30
>
> ...
>
> Kami ingin memaklumkan kepada pihak tuan bahawa permohonan untuk Cap Dagang No. 85/2021, Adabi Consumers Industries Sdn Bhd telah menyerahhakkan Cap Dagang mengenai "Kicap Tiram" di Malaysia kepada Syarikat Taili Enterprise Sdn Bhd.

[24] On 5 March 1994, the first defendant's solicitors again has filed the assignment documents together with a copy of the main agreement at the Trade Mark Registry. However, instead of using the registry office file number 89/1729, the defendants have now used a new file reference number 85/02021. In this application, the first defendant is seeking to be registered as the proprietor of the trade mark no. 85/02021 registered in Class 30 on 14 May 1985, as in Form TM 24 at p. 168/B1.

[25] Subsequent from the assignment documents filed *via* letter dated 5 March 1994, the Trade Mark Registry by virtue of letter dated 23 July 1994 in office file reference no: 85/02021 had proceeded with the recordation of assignment for the 1985 mark in the name of the first defendant.

[26] But in another letter bearing office file reference no: 89/01729, the Trade Mark Registry had issued a letter dated 5 September 1994 in reply to the first defendant's solicitors written submission dated 13 August 1993 by stating that the assignment of the 1985 mark in respect of the oyster sauce goods cannot be done unless for a registered user. The said letter reads:

> Per: Permohonan Cap Dagangan Bil 89/01729 Kelas 30
>
> Adalah saya dengan hormatnya merujuk kepada surat tuan bil CC/SL/63/89(sl) bertarikh 13 Ogos 1994. Menurut surat tuan, Adabi Consumers Industries Sdn Bhd telah pun membuat penyerahanhak memberi kebenaran kepada tuan untuk menggunakan cap mereka bagi barangan Kicap Tiram. **Penyerahanhak tidak boleh dilakukan untuk kebenaran ini. Yang boleh dilakukan ialah penyerahan sebagai pengguna berdaftar.** Sila hubungi En. Faizzuddin atau En. Mohd Arif untuk mendapat keterangan selanjutnya. Oleh itu, **pemerosesan selanjutnya untuk fail ini akan dilakukan setelah pendaftaran tuan sebagai pengguna berdaftar.** (emphasis added)

[27] At this stage, it would seem that there are two different office files on the same subject matter, that is office file with reference no: 89/01729 and office file with reference no: 85/02021 in the Trade Mark Registry.

[28] This explains why there is confusion with the issuance of the letter dated 5 March 1994 from the trade mark office which accepted the first defendant's application to be the proprietor of the Adabi mark 85/02021 (in file no. 85/02021), and the subsequent letter dated 5 September 1994 which states that the assignment of the 1985 mark in respect of the oyster sauce goods cannot be done unless for a registered user (in file no. 89/01729). From the said letters, the trade mark office had taken a contradictory position.

[29] In a letter dated 23 July 1999, the plaintiff had lodged a complaint with the Trade Mark Registry by explaining that they are the registered owner of the 1985 mark and that the plaintiff had only assigned to the first defendant in respect of the oyster sauce goods (partial assignment). The letter reads:

PEMILIK CAP DAGANGAN 85/02021 KELAS 30

Merujuk kepada perkara di atas, adalah dimaklumkan bahawa kami adalah pemilik sebenar cap dagangan di atas. Walau bagaimanapun setelah semakan dibuat di pejabat tuan pada 22/07/99 oleh peguam kami Shearn Delamore & Co, kami dapati keseluruhan barangan kami bagi cap dagangan berkenaan telah dipindah milik kepada Syarikat Taili Enterprise Sdn Bhd.

2. Sebagai makluman tuan pihak kami hanya menyerahhak (partial assignment) sebahagian sahaja barangan kami kepada Syarikat Taili Enterprise Sdn Bhd iaitu sos tiram sahaja.

3. Pihak kami tidak berpuas hati dengan pemilik cap dagangan dalam rekod tuan dan meminta jasa baik tuan untuk mengkaji semula kedudukan sebenar cap dagangan tersebut.

[30] Subsequently, in a letter dated 27 July 1999 bearing office file number 85/02021 & 89/01729, the Trade Mark Registry had informed the first defendant's solicitors that pursuant to s. 55(3) of the Trade Marks Act 1976, the 1985 mark cannot be assigned to the first defendant and consequently revoked its decision as stated in the letter dated 23 July 1994.

[31] In response to the Registrar's decision *vide* letter dated 27 July 1999, the first defendant's solicitors had initiated an action in court *via* originating notice of motion no. D2-21-29-99 to revoke the registrar's decision dated 27 July 1999. The plaintiff was not made a party to the suit.

[32] On 16 November 1999, the first defendant's solicitors had obtained the court order to revoke the registrar's decision *vide* letter dated 27 July 1999 and to record the first defendant as the registered owner of the 1985 mark. The court however noted that this order "does not preclude the Registrar or Adabi from any remedy that is available to them." The order, *inter alia*, reads as follows:

1. Keputusan Pendaftar Cap Dagangan seperti mana yang dinyatakan dalam suratnya bertarikh 27 haribulan Julai 1999, sesalinan yang mana dilampirkan bersama di sini sebagai Lampiran 1, adalah batal dan tidak sah dan tidak berkesan langsung;

2. Pendaftar Cap Dagangan hendaklah memasukkan semula Pemohon ke dalam Daftaran untuk menunjukkan Pemohon sebagai pemilik berdaftar untuk Cap Dagangan Nombor 85/02021 untuk deskripsi barangan yang meliputi sos tiram ...

[33] Pursuant to the said court order dated 16 November 1999, the first defendant's application to register the trade mark application 89/01729 was accepted by the Registrar of Trade Mark and was duly registered on 22 March 2009.

Supplementary Agreement Dated 3 February 2003

[34] The plaintiff subsequently became aware of the court order obtained by the first defendant's solicitors and the plaintiff had entered into a supplementary agreement dated 3 February 2003 ('the supplementary agreement') with the first defendant where the pertinent terms among others include as follows:

(i) fixed royalty to be paid by the first defendant to the plaintiff for RM2,500 per month; and

(ii) the first defendant agreed not to enforce the court order dated 16 November 1999 nor assert any rights over the Adabi house mark 85/02021.

[35] The supplementary agreement dated 3 February 2003 also includes cl. (2) which reads:

> 2. Subject as provided herein, TAILI shall on or before the execution of this Agreement execute an assignment of the benefits in Trademark Application No. 89/01729 with the intent that such application shall upon grant be granted in the name of ADABI in the form of the Assignment in the schedule hereto.
>
> a) The executed Assignment shall be deposited with TAILI's Solicitors, Messrs. Christina Chia Ng & Partners, ... to be held in escrow and shall be surrendered to ADABI's Solicitors, Messrs Bustaman & Co, Selangor ... for submission to the Registry of Trademark for recordal if TAILI is adjudged by an adjudicating tribunal of final jurisdiction to have breached the term of the Agreement of 10th November 1988 as amended herein and the term of the Supplemental Agreement. Notwithstanding the aforesaid, any submission by ADABI's Solicitors of the Assignment for or consequent upon any recordal arising therefrom, TAILI's common law rights shall not be affected ...

[36] On 2 November 2012, the plaintiff through its solicitors, Messrs Bustaman had issued a letter of demand ("LOD dated 2 November 2012") to the defendants on the basis that the defendants had breached the main agreement dated 10 November 1988 and the supplementary agreement dated 2 November 2003. The pertinent points raised in the LOD dated 2 November 2012 are:

(i) that the plaintiff is the registered proprietor and owner of the Adabi house mark in Malaysia, Singapore and Indonesia;

(ii) that the main agreement was a licence and not an assignment;

(iii) that by virtue of the main agreement, the plaintiff had allowed the first defendant to register the 1989 mark and not the Adabi house mark;

(iv) that based on the terms stipulated in the main agreement, the plaintiff allowed the first defendant to manufacture, distribute and sell the products in respect of oyster sauce only; and

(v) that pursuant to the main agreement, the plaintiff had allowed the first defendant to manufacture, distribute and sell oyster sauce in Malaysia only.

[37] Subsequently, on 13 December 2012, the defendants through their solicitors Messrs Shearn Delamore & Co had replied to the plaintiff's letter of demand and claimed that the defendants did not breach the terms either in the main agreement and the supplementary agreement.

[38] On 24 December 2012, the plaintiff found out that the first defendant had filed a trade mark with the application no. 2012021694 in Class 30 in respect of the goods of "oyster sauce; included in Class 30" ("the 2012 mark") where the representation of the 2012 mark is exactly the same as the representation of Adabi house mark/the 1985 mark.

[39] On 21 February 2014, the present suit was filed by the plaintiff against the defendants.

The Issues

[40] Parties have not agreed on the issues to be tried, and having considered the pleadings and the submission of the parties, I am of the considered opinion that the main issues in this case are:

(i) whether the main agreement dated 10 November 1988 is an assignment or a license agreement;

(ii) if the main agreement dated 10 November 1988 is an assignment agreement, what is the 'assigned mark' as contemplated and/or agreed by the parties; and

(iii) whether the defendants have breached the main agreement dated 10 November 1988 and the supplementary agreement dated 3 February 2003.

The Findings Of The Court

[41] Since this case involve the interpretation of a commercial agreement, that is the main agreement and the supplementary agreement, I am guided by the decision of the Federal Court in *Berjaya Times Square Sdn Bhd v. M Concept Sdn Bhd* [2010] 1 CLJ 269; [2010] 1 MLJ 597, that this court should adopt an objective approach in order to ascertain the intention of the parties from the words in the agreement itself and the surrounding circumstances. The FC held at p. 296 (CLJ); pp. 620-621 (MLJ):

> First, a court interpreting a private contract is not confined to the four corners of the document. It is entitled to look at the factual matrix forming the background to the transaction. Second, the factual matrix which forms the background to the transaction includes all material that

was reasonably available to the parties. Third, the interpreting court must disregard any part of the background that is declaratory of subjective intent only. Lastly, the court should adopt an objective approach when interpreting a private contract. See *Investors Compensation Scheme Ltd v. West Bromwich Building Society; Investors Compensation Scheme Ltd v. Hopkins & Sons (a rm) & Ors; Alford v. West Bromwich Building Society & Ors; Armitage v. West Bromwich Building Society & Ors* [1998] 1 All ER 98. As Lord Clyde said in *Bank of Credit and Commerce International SA (in liquidation) v. Ali & Ors* [2001] 2 WLR 735:

> The knowledge reasonably available to them (that is to say the parties to the contract) must include matters of law as well as matters of fact. The problem is not resolved by asking the parties what they thought they intended. *It is the imputed intention of the parties that the court is concerned to ascertain.* The parties may well have never applied their minds to the particular eventuality which has subsequently arisen, so that they may never in fact have had any conscious intention in relation to that eventuality. It is *an objective approach which is required and a solution should be found which is both reasonable and realistic. The meaning of the agreement is to be discovered from the words which they have used read in the context of the circumstances in which they made the agreement. The exercise is not one where there are strict rules, but one where the solution is to be found by considering the language used by the parties against the background of the surrounding circumstances.* (emphasis added)

[42] It is the submission of the plaintiff that the main agreement is a licence agreement, not an assignment agreement. The plaintiff relied on the case of *Playboy Enterprises International Inc v. Zillion Choice Sdn Bhd & Anor* [2011] 2 CLJ 329; [2011] 2 MLJ 59 where the court laid down the key principles governing a licensing arrangement at p. 342 (CLJ); p. 75 (MLJ) as follows:

> The key principles governing a licensing arrangement is succinctly described as follows in *Trade Mark Licensing* by Neil J Wilkof and Daniel Burkitt (*'Trade Mark Licensing* by Neil J Wilkof'), para 10-08 at p 225:
>
> > The basic right of the licensor with respect to the trade mark is proprietary, namely, to permit the use of the trade mark by the licensee in accordance with the terms and conditions specified in the license. Any use of the trade mark by the licensee, other than as authorised by the licensor, will be an infringement of the licensor's proprietary rights in the trade mark.
> >
> > Generally speaking, the licensor's proprietary rights in the trade mark license can reasonably be said to be comprised of the following provisions:
> >
> > (a) The form, covered by the registration, in which the trade marks, may be used;
> >
> > (b) The scope of the goods or services for which the license is granted;

(c) The territory in which the trade marks may be affixed;

(d) The quality of the goods manufactured or the services provided;

(e) The duration of the license.

The obligation on quality control is also summarised as follows in *Trade Mark Licensing* by Neil J Wilkof, para 6.02 at p 101:

Quality Control – The Classical Approach

Trade mark licensing has been distinguished from other types of intellectual property licensing by the requirement for quality control over the licensee's use of the mark. It was the recognition that quality control is compatible with the source theory of trade marks that led to the legal recognition of trade mark licensing.

As long as the licensed use of the trade mark is subject to quality control, the trade mark is deemed to function as the identifier of source, and the mark serves to distinguish its goods from those of others. This is accomplished by imputing the licensee's use of the trade mark to the licensor. When this occurs, there continues to be a connection in the course of trade between the proprietor of the mark and the goods.

[43] In applying the principles stipulated in the above case, the plaintiff submits the comparison between the principles mentioned and the clauses indicated in the said main agreement as follows:

No.	Principles	Clauses in the Main Agreement
1.	The form, covered by the registration, in which the trade marks, may be used.	WHEREAS the Assignor claims to be the proprietor of the trademark being a device mark illustrated in the schedule annexed hereto (hereinafter called "the said trademark") in Malaysia having used the same in relation to goods and products within Class 30 of the International Classification since the year 1983. … (1) In consideration of the sum of Malaysian Ringgit One ($1.00) only now paid by the Assignee to the Assignor (the receipt whereof the Assignor hereby acknowledges) and the Royalty provided in clause 5 hereof, the Assignor as beneficial owner hereby conveys unto the Assignee all the following property, rights, claims and liberties: … (b) The right to the exclusive use and the property in the said trademark on or in relation to oyster sauce in Malaysia and the exclusive right to use

		the distinctive get up associated therewith which get-up being part of the goodwill of the Assignor's business in the said oyster sauce ... (3) The Assignor hereby consents to the application by the Assignee to register the said trademark in Class 30 in Malaysia for oyster sauce only and undertake in favour of the Assignee or its successors in title to render all reasonable assistance in support of such application and will depose to any statutory declaration required as to the use by the Assignor of the said trademark previously. → The Plaintiff is relying on the version of schedule that appears in Set A and F of the Main Agreement, as follows:
2.	The scope of the goods or services for which the license is granted.	(1) In consideration of the sum of Malaysian Ringgit One ($1.00) only now paid by the Assignee to the Assignor (the receipt whereof the Assignor hereby acknowledges) and the Royalty provided in clause 5 hereof, the Assignor as beneficial owner hereby conveys unto the Assignee all the following property, rights, claims and liberties: (a) The goodwill of the Assignor's business carried on in relation to and in connection with the manufacture, sales, and distribution of oyster sauce. (b) The right to the exclusive use and the property in the said trademark on or in relation to oyster sauce in Malaysia and the exclusive right to use the distinctive get up associated therewith which get-up being part of the goodwill of the Assignor's business in the said oyster sauce. ...

		(3) The Assignor hereby consents to the application by the Assignee to register the said trademark in Class 30 in Malaysia for oyster sauce only and undertake in favour of the Assignee or its successors in title to render all reasonable assistance in support of such application and will depose to any statutory declaration required as to the use by the Assignor of the said trademark previously ... (6) In addition to the consideration referred to in Clause 1 the Assignee shall in respect of the oyster sauce manufactured or sourced for sales and distribution by the Assignee in Malaysia with the said trademark pay the Assignor a recurring royalty computed at 3% of the Assignee's net wholesale price …
3.	The territory in which the trade marks may be affixed.	(2) In consideration of the sum of Malaysian Ringgit One ($1.00) only now paid by the Assignee to the Assignor (the receipt whereof the Assignor hereby acknowledges) and the Royalty provided in clause 5 hereof, the Assignor as beneficial owner hereby conveys unto the Assignee all the following property, rights, claims and liberties: … (b) The right to the exclusive use and the property in the said trademark on or in relation to oyster sauce in Malaysia and the exclusive right to use the distinctive get up associated therewith which get-up being part of the goodwill of the Assignor's business in the said oyster sauce ... (3) The Assignor hereby consents to the application by the Assignee to register the said trademark in Class 30 in Malaysia for oyster sauce only and undertake in favour of the Assignee or its successors in title to render all reasonable assistance in support of such application and will depose to any statutory declaration required as to the use by the Assignor of the said trademark previously ...

		(6) In addition to the consideration referred to in Clause 1 the Assignee shall in respect of the oyster sauce manufactured or sourced for sales and distribution by the Assignee in Malaysia with the said trademark pay the Assignor a recurring royalty computed at 3% of the Assignee's net wholesale price …
4.	The quality of the goods manufactured or the services provided.	(4) The oyster sauce manufactured for sales and distribution or source for the said purposes by the Assignee shall be of a qualify commensurating with existing brands and shall be fit for consumption by all races and shall be certified "halal" and shall in all respects comply with the Malaysian Foods Act 1983.
5.	The duration of the license.	Even though there was no clause on the duration indicated in the Main Agreement, it was understood as follows: (9) In the event the Assignee shall cease to deal in the oyster sauce with the said trademark the terms and conditions herein shall cease to have further effect and the Assignee undertakes to re-assign the said trademark to the Assignor together with the goodwill of the business.

[44] It is the submission of the plaintiff, that by applying the principles above to the main agreement, all of the said provisions in the main agreement dated 10 November 1988 complies with the above principles and therefore the main agreement is a licence agreement and not an assignment agreement. Furthermore, it can be further identified that the terms stipulated in the main agreement indicate some form of control by virtue of the rights given by the plaintiff to the first defendant.

[45] Having considered the evidence and the submissions of the parties, I am of the considered opinion that the main agreement dated 10 November 1988 is not a licence agreement, but an assignment agreement. My reasons for such finding are as follows:

(i) that the parties to the main agreement dated 10 November 1988 are referred to as the 'assignor' and the 'assignee';

(ii) that from the recital 2, the parties have agreed to an assignment, and it reads:

> AND WHEREAS the Assignor has agreed with the Assignee for the Assignment to the Assignee of the … trademark used in relation to oyster sauce only ...;

(iii) that in cl. (2), the plaintiff has assigns the rights to sue in the first defendant's name or in the joint names of the first defendant and the plaintiff. Clause (2) reads:

> (2) The Assignor hereby warrants that it is not aware of any wrongful use by any third party of the said trademark in respect of which it hereby further assigns to the assignee ALL rights and interest in the right to commence and prosecute legal proceedings for redress in respect thereof ..."; and

(iv) that pursuant to cl. (3), the plaintiff has consented to the application by the first defendant to register the said trade mark in Class 30 in Malaysia. Clause (3) reads:

> (3) The Assignor hereby consents to the application by the Assignee to register the said trademark in Class 30 in Malaysia for oyster sauce only and undertake in favour of the Assignee and its successors in title to render all reasonable assistance in support of such application and will depose to any statutory declaration required as to the use by the Assignor of the said trademark previously.

[46] As such, reading the above provisions in the main agreement dated 10 November 1988, I find that the said agreement dated 10 November 1988 is not a licence agreement, but an assignment agreement.

[47] Further in his evidence, PW1 has agreed under cross-examination that the said agreement is an assignment.

[48] Added to that, in the letter dated 23 July 1999, the plaintiff has admitted to the Registrar of Trade Marks that there was a 'partial assignment' to the first defendant in respect of oyster sauce.

(ii) The Assigned Mark

[49] In view of my finding that the main agreement dated 10 November 1988 is an assignment agreement, the next issue is to ascertain what is the 'assigned mark' as contemplated and/or agreed by the parties in the said agreement.

[50] Under recital 1 of the main agreement dated 10 November 1988, the assignor claims to be the proprietor of the trade mark, which was the subject matter of the assignment, being a 'device mark illustrated in the schedule annexed hereto'. However, the problem arises when there are different versions of the 'device' in the schedule, which the plaintiff has produced in para. (45) of the written submission:

Set	Pages/ Bundle	Front page/ Markings	Signing Page	Mark in Schedule	Used/ Found
A	118-127/B1	- Certified true copy by Christina Chia	Typed		Copy of Court Document
B	670-679/C1	- (PDC10) - Certified true copy by Faridah Kasmadi (MyIPO)	Typed		85/02021 file
C	681-690/C1	- Stamped ORIGINAL - Certified true copy by Faridah Kasmadi (MyIPO)	Hand written		89/1729 file
D	697-706/C1	- Certified true copy by Christina Chia - Certified true copy by Faridah Kasmadi (MyIPO)	Typed		Copy of Court document/ 89/1729 file
E	770-779/C1	Stamped ORIGINAL	Hand written		Copy of D2
F	197-206/B1	- Certified true copy by Christina Chia	Typed		Copy of Court document/ 85/02021 file

[51] Sets A, D and F above are identical, and they are certified as true copy of the original by PW7, has the names of the signatories typed out, and has the Adabi Oyster Sauce mark attached as its schedule.

[52] Sets C and E are also identical with one another, which are stamped original, has the names of the signatories handwritten and the schedule depicts the Adabi house mark.

[53] Set B however, is an anomaly, in that the names are typed (identical in fact to sets A, D and F), but in the schedule is Adabi house mark, which is similar to sets C and E. The cover page for set B is neither certified as a true copy nor stamped original.

[54] The plaintiff is relying on the version that appears in set A and F. As explained by PW1, the schedule of the main agreement has a depiction of the original label of the Adabi Oyster Sauce that was created by the first

defendant and PW3, and was meant to show the mark that was allowed to be used by the first defendant by virtue of the main agreement, given that the main agreement was specifically meant for oyster sauce.

[55] The first defendant does not deny the existence of sets A and F, but takes the position that the same was "wrongly attached" to the main agreement dated 10 November 1988. The schedule as appears in sets A, D and F have also been characterised by both the first defendant through DW1 as the label (for the oyster sauce product), and by the plaintiff as packaging design that is allowed, in respect of oyster sauce.

[56] The defendants however are relying on set E, which they claim to be a copy of exh. D2, which the defendants contend to be the original main agreement dated 10 November 1988. The defendants claimed that this version was intended by both parties when signing the main agreement.

[57] However, in view of the contradictory stand taken by both parties to the main agreement, I am inclined to accept set F as the mark to be in the schedule to the main agreement. This is because the Managing Director of the first defendant has affirmed an affidavit on 25 August 1999 in the originating summons D2-21-29-99 that by the main agreement dated 10 November 1988, the plaintiff has assigned the mark in set F as the mark in the schedule to the main agreement dated 10 November 1988. During the court proceedings, the first defendant was represented by PW7, and therefore PW7 cannot come to court now to say that the mark in the schedule was a mistake as the court papers were filed by the legal office of PW7, CCNP. Further, PW7 cannot now say that she has secured the court order based on a mistake in respect of the documentations. That would amount to misleading the court in order to secure the court order.

[58] I agree with the plaintiff that the multiple versions of the main agreement dated 11 October 1988 and the different versions of the mark in the attached schedule could only come from the first defendant or its trade mark agent, PW7. In her evidence however, PW7 has said that she has only filed one set with the registry and have no idea why there were so many sets in the registry. But PW5, an officer from the trade mark office has confirmed that the document in set D was filed *vide* the letter from Tetuan Christina Chia and Partners, the legal office of PW7.

[59] In any event, it is pursuant to the said court order that the first defendant has applied to continue with the registration of the 89 version and therefore premised on the court order, the first defendant was registered as the owner of the said mark, to take effect from the date of filing, since 22 March 1989.

[60] It must also be noted that when the first defendant first applies to register the said mark, the first defendant was relying on the same main agreement dated 10 November 1988. As the first defendant was applying for the Adabi Oyster Sauce mark, there was no opposition raised by the plaintiff. It was only later when the first defendant sought to register the Adabi house mark in 2012 that the plaintiff had opposed to the said registration.

[61] Added to that, in his evidence DW1 had agreed that he had filed the 89 version to avoid any confusion with the 85 mark:

1107.	DW1:	The reason that we file the 89 marks is for customer or consumers easy reference so they know the product.
1108.	PC:	Do you agree that the reason that you filed the 89 version, the reason you filed the 89 version with these as you mentioned non-trade mark elements and general descriptions so that there will be no confusion with 85 mark?
1109.	DW1:	Yes, I agree.

[62] In any event, I am of the considered opinion and agree with the plaintiff that the plaintiff has never intended to assign their Adabi house mark to the first defendant. It must be borne in mind that even though PW7 was acting for both parties in preparing the main agreement dated 10 November 1988, PW7 was taking instructions from the first defendant and was acting for the first defendant in filing the applications with the Trade Mark Registry and filing the originating summons in court. In fact, PW7, the trade mark agent of the first defendant agreed in her evidence that she was only acting for the first defendant and that the plaintiff was not represented by any lawyer in 1988.

(iii) Whether The Defendants Have Breached The Main Agreement Dated 10 November 1988

[63] It is the submission of the plaintiff that the defendants have breached the main agreement dated 10 November 1988 when they filed the Adabi mark in Singapore and Indonesia and used the Adabi mark in Singapore, Indonesia and Brunei.

[64] In his evidence in chief, PW1 said this:

101.	Q:	Sila terangkan kepada Mahkamah apakah yang membawa kepada tindakan Mahkamah ini?
	A:	Pada atau sekitar 2010 sehingga pertengahan 2012, Adabi telah mendapat tahu mengenai perbuatan Taili yang jelas melanggar Perjanjian asal. Di antara kemungkiran oleh Defendan terhadap Perjanjian ini adalah seperti berikut:

		Pertama – Defendan Pertama telah menfailkan cap dagangan umum Adabi di luar Negara: (1) di Singapura dalam kelas 30; dan (2) pemfailan produk sos tiram dengan "merek" "adabi" di Indonesia (3) perjanjian itu menetapkan bahawa hak untuk memfailkan cap dagangan itu hanyalah terhad kepada Malaysia. Kedua – Defendan Kedua juga telah mengedarkan sos tiram tersebut di Singapura, Indonesia dan Brunei, melampaui wilayah yang telah ditetapkan di dalam Perjanjian tersebut iaitu Malaysia sahaja. Ketiga – Kami juga pada ketika itu mendapati bahawa Taili juga menjual "sos Berperisa tiram" dan bukan sahaja "sos tiram". Terdapat juga "Sos berperisa tiram" yang juga mempunyai perisa lain seperti ayam, sayur, asam pedas yang telah dikeluarkan dan diedarkan oleh Taili.

[65] The plaintiff submits that this is in breach of the relevant clauses in the main agreement dated 10 November 1988, which reads:

> (1) In consideration of the sum of Malaysian Ringgit One ($1.00) only now paid by the Assignee to the Assignor (the receipt whereof the Assignor hereby acknowledges) and the Royalty provided in clause 5 hereof, the Assignor as beneficial owner hereby conveys unto the Assignee all the following property, rights, claims and liberties:
>
> …
>
> (a) The right to the exclusive use and the property in the said trademark on or in relation to oyster sauce in Malaysia and the exclusive right to use the distinctive get up associated therewith which get-up being part of the goodwill of the Assignor's business in the said oyster sauce …
>
> (3) The Assignor hereby consents to the application by the Assignee to register the said trademark in Class 30 in Malaysia for oyster sauce only and undertake in favour of the Assignee or its successors in title to render all reasonable assistance in support of such application and will depose to any statutory declaration required as to the use by the Assignor of the said trademark previously.
>
> (6) …
>
> In addition to the consideration referred to in Clause 1 the Assignee shall in respect of the oyster sauce manufactured or sourced for sales and distribution by the Assignee in Malaysia with the said trademark pay the Assignor a recurring royalty computed at 3% of the Assignee's net wholesale price …

[66] It is the submission of the plaintiff that under the main agreement dated 10 November 1988, whatever rights that the plaintiff has given to the first defendant is limited to the territory of Malaysia alone.

[67] Under cl. (3), the plaintiff's consent to the registration of the said trade mark 'in Class 30 in Malaysia for oyster sauce only ...'.

[68] Under cl. (1) of the main agreement, the first defendant's right to 'the exclusive use and property in the said trade mark on or in relation to oyster sauce in Malaysia' is clearly stated.

[69] Therefore, the right in respect of "registration" and "use" is only limited to the territory of Malaysia only.

Breach In Respect Of Registration

[70] In the present case, the plaintiff has submitted that the defendants have breached the clause pertaining to territorial applicability with regards to the registration of the Adabi house mark in the following manner:

(i) that the first defendant has filed the Adabi house mark/the 1985 mark in Singapore on 11 September 1989 *vide* application no. T8905977B in Class 30 in respect of oyster sauce; and

(ii) that the first defendant, through the third defendant has registered the oyster sauce products known as "adabi saus tiram" with the Indonesian Authority bearing registration no. ML145101001832 on 15 September 2010.

[71] There is no dispute to the filing of the 'oyster saus Adabi' in Indonesia. DW1 in Q/A 84 and 85 of WSDW1 said this:

84.	Q:	Please see CBD, Bhgn A, Jilid 1, page 82 for the registration of oyster sauce known as 'oyster sauce Adabi' under Badan Pengawasan Obat dan Makanan ('BPOM') under registration no. ML145101001832 in the name of the Third Defendant ('Indonesian Registration'). The Plaintiff claims that this amounted to breach of the Assignment and Agreement of 10.11.1988. Do you agree?
	A:	No. I do not agree
85.	Q:	Why do you not agree?
	A:	The Assignment and Agreement of 10.11.1988 (CBD, Bhgn C, Jilid 5, pages 670-680) is confined to Malaysia and does not prevent the Second or Third Defendants, which are not parties to Assignment and Agreement to sell in Indonesia.

[72] Therefore, I am of the considered opinion that the defendants have breached the main agreement dated 10 November 1988 with regards to the registration of the Adabi house mark, when the first defendant, through the third defendant, has registered the oyster sauce products known as "Adabi saus tiram" with the Indonesian Authority bearing registration no. ML145101001832 on 15 September 2010.

[73] With regards to the registration in Singapore, the same is time-barred as the registration in Singapore was made more than six (6) years ago, on 11 September 1989.

Breach In Respect Of Use

[74] The plaintiff has also submitted that defendants have also breached the clause pertaining to territorial applicability with regards to the 'use' of the Adabi house mark in the following manner:

(i) that the first defendant had distributed and sold oyster sauce products in Singapore using the Adabi house mark/the 1985 mark on the labels of the products, as can be seen from the invoices issued to the traders in Singapore;

(ii) that the first defendant through the third defendant had sold the oyster sauce products bearing the Adabi house mark/the 1985 mark in Indonesia; and

(iii) that the first defendant had distributed and sold oyster sauce products bearing the Adabi house mark/the 1985 mark in Brunei, as can be seen from the invoice issued by the first defendant to the traders in Brunei, and the receipts on sale of the 'adabi sauce tiram' in Brunei.

[75] I am of the considered opinion and I also find that the defendants have breached the main agreement dated 10 November 1988 with regards to the 'use' of the Adabi house mark, when the first defendant and through the third defendant had distributed and sold oyster sauce products in Singapore, Indonesia and Brunei using the Adabi house mark/the 1985 mark on the labels of the products.

[76] The defendants however take the position that the main agreement dated 10 November 1988 and the supplementary agreement dated 2 March 2003 have no relevance to the filing of the Adabi trade marks in Singapore and Indonesia. This is because, under the trade mark laws, the first use of the Adabi trade mark by the defendants confers them the right to register the same mark in Singapore and Indonesia. Added to that, both agreements are only applicable in Malaysia.

[77] It is not in dispute that under common law, the first user of the mark is the owner of the mark and is therefore entitles to apply for the registration of the said mark. In *Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia; Pendaftar Cap Dagangan Malaysia (Interested Party)* [2015] 9 CLJ 125 case, the Federal Court held as follows:

> [47] So we would hold that he who first uses a trade mark owns the said trade mark under common law and that such common law ownership would in turn entitle him to file for a trade mark application as a *bona fide* applicant, pursuant to s. 25(1) of the Act.

[78] However, in the present case, the conduct of the parties in relation to the Adabi mark has been regulated by contract, the main agreement dated 10 November 1998 and the supplementary agreement dated 10 February 2003. The main agreement clearly stipulates that the assignment is only limited to Malaysia, and only in respect to oyster sauce, as per the 89 mark. Therefore, I am of the considered opinion that it is the intention of the parties that the assignment of the Adabi mark in relation to oyster sauce is limited to Malaysia only.

[79] This can be seen from the evidence of PW1 under cross-examination when he maintained his position that the assignment is limited to Malaysia and that he has never intended that the Adabi mark can to be used by the defendants in other countries apart from Malaysia:

No.	Party	Evidence
329.	DC:	So you are assuming you have hak outside Malaysia.
	PW1:	Yang kita faham kedua belah pihak la, kalau Mr Siew mintak kita nak keluar Negara, kita tak bagi la. Tapi bila dia setuju perkataan in Malaysia kita secara common sense setuju bahawa hanya dibenarkan di sisni la. Saya beri hak atas logo Adabi di Malaysia
393.	DC:	I put it to you, you claim rights to Malaysia, but the territorial which, the extent of the agreement in its operational aspects extend beyond does not say, that it extends beyond Malaysia.
394	PW1:	Di masa kita buat perjanjian itu, kedua-dua bersetuju bahawa Malaysia lah. Hanya dihadkan di Malaysia.
478.	DC:	There is nothing in these clauses that provided the basis for you to claim to Adabi trademark in Malaysia. Agree or disagree.
479.	PW1:	Itu saya setuju, tetapi dalam perjanjian ini kita dua bersetuju bahawa Mr. Siew hanya akan menggunakan logo Adabi di Malaysia. Dan bahawa kita Adabi, sebab kita nak gunakan logo itu diluar Negara. Itu yang kita faham dua-dua. Dua-dua kita berfaham sedemikian, jadi dengan tak menyatakan tak bermakna boleh pergi satu dunia. Maksudnya Malaysia saja. Yang kedua-dua faham lah.
241.	PC:	Dato rujuk di A1 di muka surat 82. 81 dan jugak 82. 81 dulu Dato. Berkaitan dengan pendaftaran form ini di Indonesia, pendaftran makanan. Cuba Dato tengok 81 tu, produk apa itu namanya?

242.	PW1:	Adabi sos tiram.
243.	PC:	82. Cuba Dato tengok di situ, ini nombor database registrasi Badan Pengawas Obat dan Makanan. Cuba Dato tengok apa produk itu?
244.	PW1:	Sos tiram.
245.	PC:	Bawah tu mark apa dia tulis?
246.	PW1:	Adabi.
247.	PC:	Adakah ini mengikuti ketetapan di bawah fasa lima perjanjian ini di muka surat 121?
248.	PW1:	Ini telah melanggar perjanjian tersebut dan menyebabkan perniagaan kita di Indonesia menjadi kelam kabut kerana agen-agen kita complain kenapa produk sos tiram nama Adabi dijual oleh orang lain padahal kita adalah pendaftar logo itu di Indonesia. Jadi kelam kabut saya di Indonesia.

[80] The defendants' witness, DW1 also agreed that the transfer and the assignment of the rights to the first defendant were territorially restricted to apply only to Malaysia. In Q/A 29 of WSDW1, he said this:

29.	Q:	What were the discussions between you and En. Syed Mansor on the transfer and assignment of the scope of the rights in the goodwill and reputation of the Plaintiff's business in oyster sauce of the 85/02021 mark to the First Defendant?
	A1:	The transfer and assignment of the rights to the First Defendant were territorially restricted to apply only to Malaysia. There were no discussion or agreement on the rights of either party of the registered or user rights of the 85/02021 mark for oyster sauce or any other products outside Malaysia. Such rights outside Malaysia did not fall within the parameters of the financial and commercial assistance agreed upon that were to be provided by the First Defendant to the Plaintiff.

[81] However, DW1 persisted with their position that since the assignment is limited to Malaysia only, then there is nothing in the assignment that prohibits him from filing the Adabi mark registration outside Malaysia nor use the products bearing the Adabi mark outside Malaysia. But on the other hand, he agreed under cross-examination that because the assignment is limited to oyster sauce only, he can only file for trade mark registration in respect to oyster sauce only. To me, the defendants cannot blow hot and cold in respect of the different clauses in the main agreement.

[82] I am of the considered opinion that in respect of assignment of trade marks, and bearing in mind that the parties are very protective over their trade mark rights and the exclusivity of use of the said marks, this court must apply a restrictive interpretation to the parties intentions that the application of the assignment is only in respect of oyster sauce within Malaysia only.

[83] Therefore, since it is the intention of the parties that the assignment of the Adabi mark is confined only to Malaysia, then the acts of the defendants in filing the application to register the Adabi

mark outside Malaysia constitutes a breach of the main agreement dated 10 November 1988.

[84] On the same ground, I find that the use of the Adabi mark outside Malaysia also constitutes a breach of the said agreement.

[85] As PW1 has said in his evidence, Adabi has the intention to use its logo outside Malaysia and therefore the assignment is only limited to Malaysia.

Breach In Respect To Oyster Flavoured Sauce

[86] It is also the contention of the plaintiff that the defendants have also breached the main agreement dated 10 November 1988 when they used the Adabi mark not only in respect of oyster sauce, but extended the use to 'oyster flavoured sauce'.

[87] It is not in dispute that the main agreement dated 10 November 1988 makes reference to oyster sauce only and there is no reference to oyster flavoured sauce. However, I agree with the defendants that it was not within the contemplation of the parties that the Food Regulation 1985 was amended in 2003 which made a distinction between oyster sauce and oyster flavoured sauce. Because of the amendment to the Food Regulation 1985 in 2003, the defendants have no choice but to comply with the same. In any event, I am of the considered opinion that oyster flavoured sauce is within the permitted subject matter, oyster sauce.

Breach In Respect Of The Application No. 2012021694

[88] It is also the submission of the plaintiff that the first defendant has breached the main agreement dated 10 November 1988 when the first defendant filed a trade mark with the application no. 2012021694 in class 30 in respect of the goods of "oyster sauce; included in class 30" ("the 2012 mark") on 24 December 2012. In this application, the first defendant has filed for the representation of the 2012 mark, which is identical to the Adabi house mark/the 1985 mark and it can be referred as follows:

[89] When submitting the application for 2012 mark, the first defendant had lodged a statutory declaration with MyIPO by claiming that the first defendant is a *bona fide* proprietor for the 2012 mark where the mark is identical with the Adabi house mark/the 1985 mark which belongs to the plaintiff. The 2012 mark has been gazetted on 10 October 2013 in the Government *gazette*.

[90] In view of my finding that the mark in the schedule to the main agreements is the 89 mark, I am of the considered opinion that by filing the 2012 mark, the first defendant has breached the main agreement by their application and attempt to deprive the plaintiff of their House mark, the 1985 mark. The Adabi house mark is a well-known brand amongst the Muslim consumers and has always been associated with the plaintiff.

Laches And Delay

[91] The defendants submit that there has been an inordinate delay in the filing of this suit. The defendant submits that it has been more than 17 years since the first defendant first commenced business and use the Abadi mark in respect of oyster sauce in Singapore and 14 years since the first defendant use the Adabi mark in respect of oyster sauce products in Brunei.

[92] However, each day of use of the Adabi mark by the defendants constitutes a breach of the main agreement by the defendants. Added to that, the 2012 filing of the mark constitutes the latest breach by the first defendant of the main agreement. It cannot be said the plaintiff has been sitting on their rights all these years as the plaintiff had appointed a few solicitors to initiate the action by issuing termination letters to the first defendant affirming that the first defendant had breached the main agreement. This can be seen from the following letters issued to the first defendant:

No	Solicitors	Date of Letter	Complaints/Replies	Bundle/ Pages
1.	Plaintiff's Solicitors (Messrs. Oh Seng Dee & Co.)	25/5/1991	i) The First Defendant was informed to remove the damaged, deteriorated and expired trade stock of oyster sauce which are not fit for human consumption. ii) The First Defendant was informed that they had wrongfully and unlawfully used the Plaintiff's trade mark.	B2/pg. 333

			iii) The First Defendant was informed to cease deal with oyster sauce and reassign the Plaintiff's trade mark.	
	First Defendant's Solicitors (Messrs. Christina Chia Ng & Partners)	9/6/1991	i) The First Defendant denies the allegation on the breach of the Main Agreement. ii) Alleged the Plaintiff had absolutely assigned the Adabi trade mark.	B2/pg. 334
2.	Plaintiff's Solicitors (Messrs. Mohd Idris & Asso)	11/9/1991	Reiterate the demands indicated in the letter dated 25/5/1991.	B2/pg. 331
	First Defendant's Solicitors (Messrs. Christina Chia Ng & Partners)	13/9/1991	Reiterate on the point that the Adabi trade mark has been absolutely assigned to the First Defendant and the Plaintiff has no cause of action.	B2/pg. 332
3.	Plaintiff's Solicitors (Messrs. Zahir Jeya & Co.)	2/6/1997	Indicated to the First Defendant on the breach of the Main Agreement in respect of Clause 9, Clause 10 and Clause 4.	B2/pg. 335-336
	First Defendant's Solicitors (Messrs. Shearn Delamore & Co)	27/6/1997	Denies on the allegation of breach in respect of Clause 9, Clause 10 and Clause 4 of the Main Agreement.	B2/pg. 337-338
4.	Plaintiff's Solicitors (Messrs. Bustaman & Co.)	4/2/2002	Indicated further to the First Defendant on the breach of the Main Agreement in respect of Clause 4, Clause 6 and Clause 7.	B2/pg. 339-341
	First Defendant's Solicitors (Messrs. Christina Chia Ng & Partners)	22/2/2002	Denies on the allegation of breach in respect of Clause 4, Clause 6 and Clause 7 of the Main Agreement.	B2/pg. 342-343

[93] From the factual matrix of this case, it cannot be said that the plaintiff is guilty of serious and inordinate delay in the bringing of this suit.

[94] The defendants have also submitted that because the plaintiff had accepted the 'royalty payments' throughout these years, then it would be unjust and inequitable for the plaintiff to assert all the breaches against the defendants.

[95] On the facts of this case, the plaintiff's complaints are justified. The plaintiff is simply concern over the use of the Adabi mark and brand by the first defendant. If a consumer does not read the small prints on the products with regards to the producer, the consumer would readily accept that the 'adabi oyster sauce' was produced by the plaintiff, a household name amongst the Muslim consumers. Therefore, any misgivings against the first defendant's products bearing the Adabi mark would also affect the plaintiff's reputation.

[96] Added to that, under the main agreement, the Adabi oyster sauce is to be certified 'halal' by a Malaysian authority, but the Adabi oyster sauce that was exported to Brunei by the first defendant was sourced and supplied directly from Hong Kong. In view of the sensitivity on the 'halal' issue, any misgivings on the Adabi oyster sauce will also affect the plaintiff's Adabi brand and their products. As such, it cannot be said that it would be unjust and inequitable for the plaintiff to complain on the breaches.

[97] Further, even though the main agreement is limited to the assignment of oyster sauce (and oyster flavoured sauce), the first defendant has expanded the use of the Adabi mark to include oyster flavoured products, such as 'sos tiram berperisa ayam', 'sos tiram pedas', 'sos tiram sayur-sayuran'. Such a move will definitely affect the business of the plaintiff. In her evidence on this issue, PW7, the trade mark agent of the defendants said this:

1220.	PW7:	I was given to understand by the defendant Mr Siew ... that he was not interested in the whole mark, but only want oyster sauce because he is only in the oyster sauce business. And therefore I am just to do an agreement just on oyster sauce.
1652.	PC:	Now I take you to the terms of the agreement ya, terms of agreement you mentioned earlier specifically that this agreement is only intended for oyster sauce.
	PW7:	Oyster sauce, yes.
	PC:	Now, oyster sauce was it intended for any variation of oyster sauce as the intention of parties then?
	PW7:	I suppose oyster sauce, anything relating oyster sauce ... there is no, you know definition ... of what ... just anything that is oyster sauce.

1660.	PC:	Oyster sauce ayam, is it covered in this agreement?
	PW7:	That one I cannot ...I think it is not up to me to ...
1664.	PC:	So if its ayam, oyster sauce ayam, oyster sauce sayur?
	PW7:	Suppose anything that is oyster sauce, would fall within if they want to expand further on it because it was quite loosely put as oyster sauce.
1878.	PW7:	The thing is just to make sure adabi mark is, Taili has got the oyster sauce only, and Adabi Consumers has the rest. That's about, that is the whole objective to ensure that is the case.

[98] Therefore, I am of the considered opinion that when the first defendant and their trade mark agent sought to extend the interpretation of 'oyster sauce' to 'anything related to oyster sauce', I am not surprised that the plaintiff is alarmed as it will affect the plaintiff's products in the market. Since the intention of the parties is the assignment in respect to 'oyster sauce' only, then the first defendant should not be allowed to extend the contract unilaterally.

[99] As such, based on the reasons enumerated above, I am of the considered opinion that the plaintiff is not guilty of serious and inordinate delay and neither can it be said that it would be unjust and inequitable for the plaintiff to assert all the breaches against the defendants.

Conclusion

[100] Premised on the reasons enumerated above, I find that the plaintiff has proven their case on the issue of the breach of the main agreement dated 10 November 1988 and allow the plaintiff's claim in terms of prayer (b), (d), (e), (f) and (j). The defendant's counterclaim is dismissed and cost is allowed against the defendants.

[101] I would also like to record my deepest appreciation to leading counsels, Allahyarham Dato Mohd Bustaman bin Abdullah and the late Mr Wong Sai Fong for their professionalism, expertise and commitment in the conduct of this trial.